



TOWN OF GARNER,
NORTH CAROLINA

POPULAR ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2018



/TOWNOFGARNER • GARNERNC.GOV



Government Finance Officers Association

The Town of Garner Finance Department is proud to have won the Government Finance Officers Association's Certificate of Achievement for Excellence in Financial Reporting for 28 consecutive years, the Distinguished Budget Presentation Award for five consecutive years and the Award for Outstanding Achievement in Popular Annual Financial Reporting for four consecutive years.

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MESSAGE TO OUR CITIZENS

THE TOWN OF GARNER is pleased to present the 2018 Popular Annual Financial Report (PAFR), which offers an easy-to-read summary of the Comprehensive Annual Financial Report (2018) for the fiscal year ending June 30, 2018.



This publication was created several years ago to increase awareness in the community about the Town of Garner's financial operations. We want to guarantee that you have access to

high-quality, easily understandable financial information so that you can be well informed and have the utmost confidence in the way we are running your town.

The financial information in this report is derived from the financial statements in the Town's CAFR, which is produced in accordance with generally accepted accounting principles and is audited by an independent certified public accounting firm. Although the financial data presented in this report are consistent with generally accepted accounting principles, the PAFR is not expected to provide all of the detail and disclosure required of the CAFR.

That more detailed financial report—the CAFR—is available at Town Hall (900 7th Ave.) and on the Finance Department's main page on the Town's website at garnernc.gov/departments/finance. For more information about the Town's financial reports, please contact the Finance Department at 919.773.4408.

Ronnie S. Williams

A handwritten signature of Ronnie S. Williams in black ink.

Mayor of Garner

TOWN OF GARNER STRATEGIC GOAL AREAS



FISCAL RESPONSIBILITY

Ensure fiscal stability and efficient use of resources



EFFICIENT AND TIMELY SERVICE DELIVERY

Provide efficient and effective services that match community needs and expectations



ORDERLY GROWTH

Grow and maintain a robust, diversified economy



QUALITY OF LIFE

Foster a safe and welcoming community with access to a wide range of opportunities and amenities



GARNER'S ELECTED BODY



RONNIE WILLIAMS

Mayor

919.772.5783
rwilliams@garnernc.gov
Term expires 2019



KEN MARSHBURN

Mayor Pro Tem

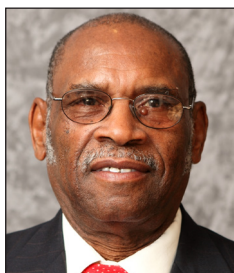
919.662.0902
kmarshburn@garnernc.gov
Term expires 2019



KATHY BEHRINGER

Council Member

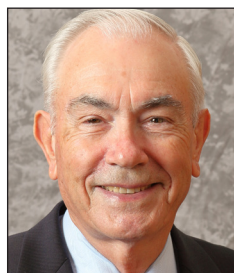
919.772.3515
kbehringer@garnernc.gov
Term expires 2021



JACKIE JOHNS

Council Member

919.772.0929
jjohns@garnernc.gov
Term expires 2019



BUCK KENNEDY

Council Member

919.624.3696
bkennedy@garnernc.gov
Term expires 2019

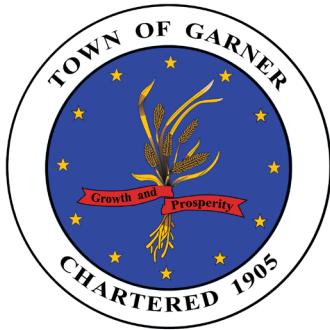


GRA SINGLETON

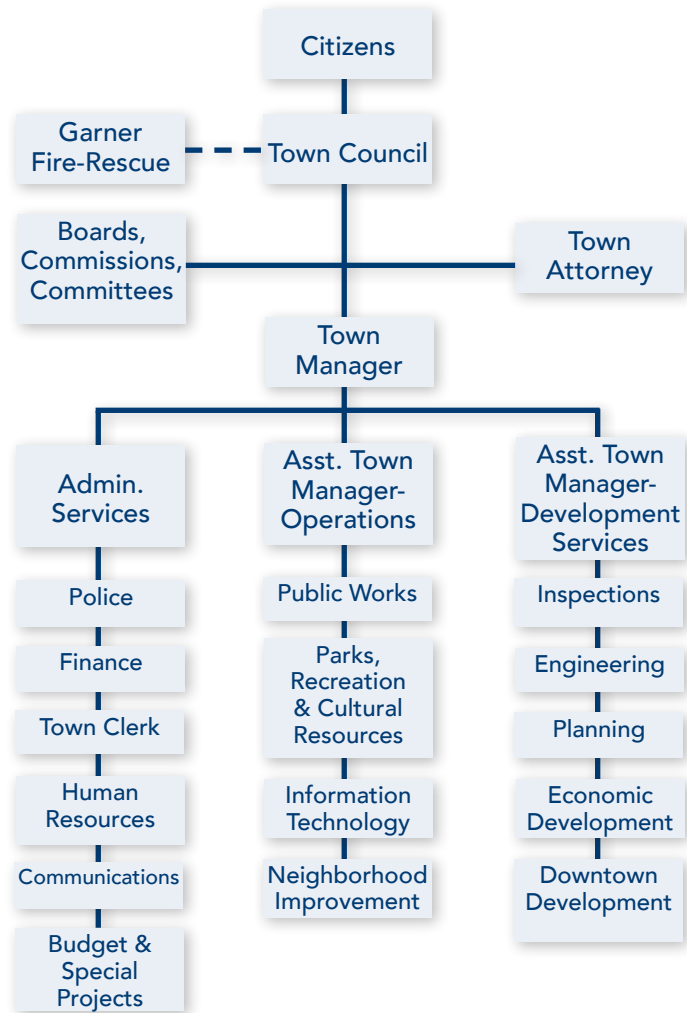
Council Member

919.772.0924
grantraceysingleton@earthlink.net
Term expires 2021

ORGANIZATIONAL CHART FOR TOWN OF GARNER



Find detailed information about Town of Garner departments at garnernc.gov/departments.



A GREAT PLACE TO BE



GARNER AT A GLANCE

THE TOWN OF GARNER has a council-manager form of government with a mayor and five-member Town Council. Elections for the office of Town Council are held at two-year intervals in the November of odd-numbered years. Elections are non-partisan, and all members of the Town Council are elected to four-year terms. The mayor is elected to a four-year term at the same time elections for Town Council are held.

The Town Council sets Town policies, enacts ordinances and appoints the town manager, who administers the daily operations and programs of the municipal government through the department heads and other staff and employees.

The City of Raleigh's Public Utilities Department operates a water distribution system, a sanitary sewer collection system and a wastewater treatment facility that service Garner. Garner Volunteer Fire-Rescue, Inc., provides fire and emergency responder services, and Wake County EMS also serves the town.

The Town of Garner is one of a small number of local governments with nationally accredited Police, Public Works and Parks, Recreation

and Cultural Resources Departments.

Garner has six community parks, several neighborhood parks and two recently established dog parks. The system includes White Deer Park, 96 acres of passive parkland with a LEED Gold-certified Nature Center, and adjoining Lake Benson Park, which is home to the Garner Veterans Memorial. The Town sponsors numerous special events throughout the year.

In addition, the Town-owned Garner Performing Arts Center in our historic downtown offers award-winning programming and a diverse array of shows by local as well as nationally touring acts.

Major employers in Garner include the Wake County Public School System, Food Lion, Walmart, Pergo, Cabela's, Golden State Foods, F&D Huebner, LLC (McDonald's), Target and Strategic Behavioral Health.

The National Civic League named Garner an All-America City in 2013. This prestigious award recognizes high levels of civic engagement as well as successes arising from innovative, citizen-led initiatives that address pressing community challenges.



31,023

POPULATION

(June 2018 Town est.)

75 percent growth since 2000



37.1

**MEDIAN AGE
OF RESIDENTS**



\$60,797

**MEDIAN
HOUSEHOLD INCOME**



3.1%

**UNEMPLOYMENT
RATE**



\$167,700

**MEDIAN HOUSING
VALUE**



Town officials cut the ribbon for the new Town Hall in FY 17-18. The \$7.5 million project was funded entirely by proceeds from the Garner Bond Program, approved by voters in 2013.

FY 2017-18 MILESTONES

JULY 2017

Improved Nature, a start-up company that manufactures soy-based meat-substitute products, began production at its new 30,000-square-foot facility in Garner. The company expected to hire 30 to 35 employees initially, but employment at the current facility on Vandora Springs Road could grow to about 70. Initial investment in the facility was approximately \$3 million. The plant can produce 10 pounds of meat substitute product per minute.

AUGUST

With help from a \$75,000 grant from the Main Street Solutions Fund—and a partnership involving the Downtown Garner Association,

Town of Garner and North Carolina Main Street & Rural Planning Center—local entrepreneurs completed renovation of a historic bank building in downtown Garner and made it home to **Full Bloom Coffee & Craft**. It was the first Main Street Solutions Fund project to be completed in Wake County. The fund assists planning agencies and small businesses in downtown revitalization efforts by creating jobs, funding infrastructure and rehabilitating buildings.

Town officials cut the ribbon on a **new picnic shelter** at Garner Recreational Park. The park has become a focus of community activity in North Garner with the addition of pop-up markets and a dog park. Both the shelter and dog park were funded by the 2013 Garner Bond Program.

SEPTEMBER

Town officials and invited dignitaries officially opened Garner's **new Town Hall** at 900 7th Ave. The \$7.5 million project was the biggest project to date to be funded with proceeds from the 2013 Garner Bond Program. The two-story, 26,000-square-foot building (located on the site of the previous Town Hall) houses seven of the Town's 11 departments and includes Garner's Town Council Chambers. The building also features an expanded bill payment area and a central customer-service intake point for people seeking development services provided by the Planning, Inspections and Engineering departments.

JANUARY 2018



According to an annual report recently issued by Wake County Economic Development and the Greater Raleigh Chamber of Commerce, Garner had the **second-highest number of commercial construction permits** in Wake County in 2017—trailing only Raleigh. The largest permitted projects were the Carillon Assisted Living facility off of Aversboro Road (approximately \$4.3 million) and new office space owned by Mason Properties at 515 North Greenfield Parkway (approximately \$2.2 million). Permits for the McCullers Walk apartment complex also accounted for much of the activity (approximately \$1.9 million in value). The report looked at commercial permits issued January-September 2017.

MARCH

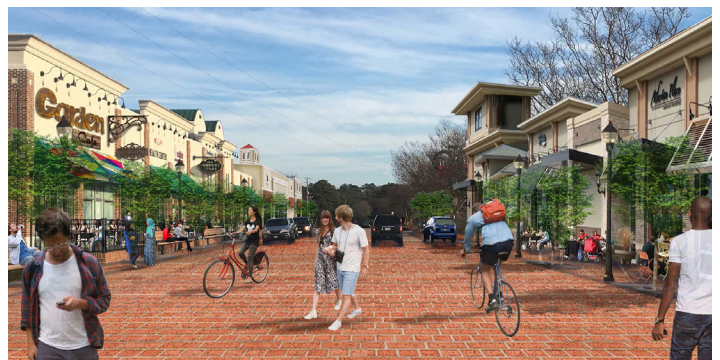
Baker Roofing, the third-largest roofing company in the United States, announced plans to relocate its corporate headquarters to Garner. The project will bring over 250 jobs to this growing community just southeast of Raleigh. Baker intends to locate its new offices in a 170,000-square-foot, former big-box retail space on U.S. 401 (Fayetteville Road).



Bankrate.com named Garner one of the United States' **five great cities or towns for millennial homebuyers**. It noted Garner's outstanding combination of affordable housing, economic growth, job opportunities, and proximity to major metro areas and recreational activities.

JUNE

The Town formally adopted its **new comprehensive and transportation plans**, collectively called the Garner Forward plan. The Comprehensive Plan updated the previous Comprehensive Growth Plan 2020 that was adopted in 2006. It provides a framework for making land-development and zoning decisions, promoting orderly land use, implementing public improvements and generating private investment. The Transportation Plan is a comprehensive update of the 2010 Garner Transportation Plan. It examines existing conditions and provide specific strategies and recommendations for all modes of travel including roadways, public transportation, walking and cycling.





New construction resulted in an increase in property tax collections in FY 17-18.

FY 2017-18 FINANCIAL HIGHLIGHTS

THE FOLLOWING ARE FINANCIAL highlights for the Town of Garner during FY 17-18 (as also noted in the Comprehensive Annual Financial Report):

- The assets of the Town exceeded its liabilities at the close of the fiscal year by \$71.4 million (net position). Of this amount, \$6.4 million (unrestricted net position) may be used to meet the government's ongoing obligations to the citizens and creditors.
- At the end of the fiscal year, the Town's governmental funds reported combined ending fund balances of \$33.3 million, or a decrease of \$6.5 million, due to expenditures on bond projects.
- At the close of FY 17-18, the Town's unassigned fund balance for the general fund was \$17.7 million, or 56.2 percent of total general fund expenditures and transfers out for the fiscal year. This amount is available for spending at the Town's discretion.

GENERAL FUND BUDGETARY HIGHLIGHTS

The general fund is the chief operating fund of the Town. The fund balance of the Town's general fund increased \$650,000 during the current fiscal year. Key factors in this increase are as follows:

- The Town recognized increases in both property and sales tax collections during the year.
- The Town's investment program generated more than double the investment income over the previous fiscal year.

CAPITAL PROJECTS FUND BUDGETARY HIGHLIGHTS

The capital projects fund is a multiyear fund used to account for the acquisition or construction of major facilities or infrastructure. Fund balance of the capital projects fund decreased \$7.1 million. This decrease was due to capital project expenditures of proceeds of previously issued bonds on projects including Town Hall and the Garner Recreation Center, to be completed in FY 2018-19.

THE TOWN'S NET POSITION

GARNER'S NET POSITION

| | FY 15-16 | FY 16-17 | FY 17-18 |
|--------------------------------|----------------------|----------------------|----------------------|
| Assets | \$130,780,442 | \$133,785,703 | \$131,759,583 |
| Deferred outflows of resources | 654,824 | 3,141,493 | 2,565,727 |
| Liabilities | 44,839,922 | 52,802,115 | 61,368,514 |
| Deferred inflows of resources | 396,113 | 254,193 | 1,570,464 |
| NET POSITION | \$86,199,231 | \$83,870,888 | \$71,386,332 |

NET POSITION IS THE DIFFERENCE between total assets and deferred outflows of resources and total liabilities and deferred inflows of resources. A positive net position means Town assets exceed liabilities.

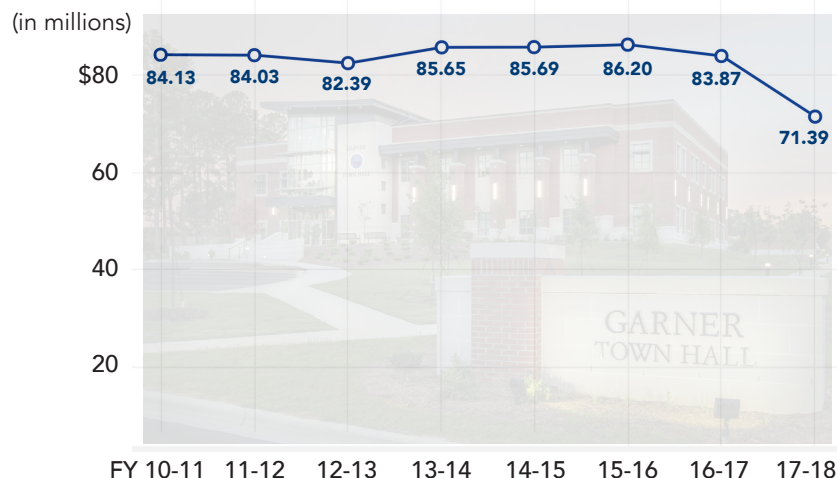
The Town had a positive net position of \$71,386,332 as of June 30, 2018. Overall, net position decreased by \$12.5 million in FY 17-18, primarily due to a prior-year restatement as the outcome of a new accounting standard (GASB Statement No. 75) that changed the way the Town accounts for post-employment benefits (OPEB), primarily health care.

Approximately 85.2 percent of net position

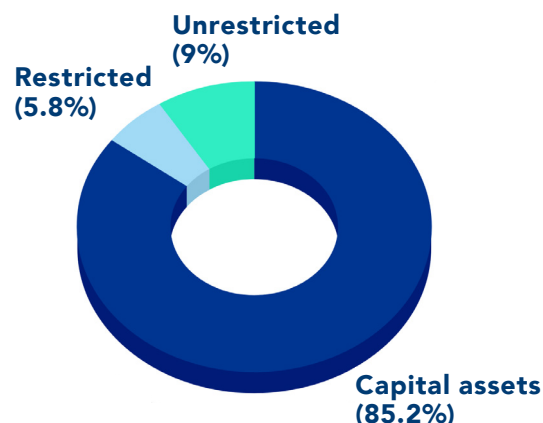
(\$60.84 million) reflects the Town's investment in capital assets. The net investment in capital assets category is defined as the Town's investment in its own assets (e.g. land, buildings, equipment and infrastructure) less any related debt still outstanding issued to acquire those items. The Town uses these assets to provide services to citizens.

An additional \$4.2 million of net position (5.8 percent) is restricted. These resources are subject to specific external legal restrictions that limit the Town's ability to use these funds beyond the purpose for which they are provided. The remaining \$6.4 million of net position (9 percent) is unrestricted.

NET POSITION BY FISCAL YEAR



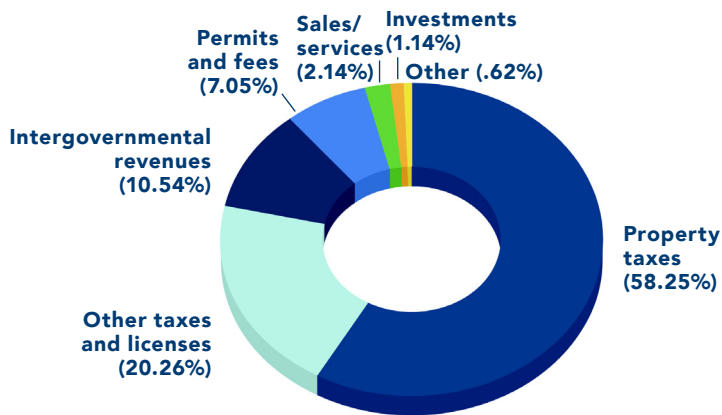
NET POSITION INVESTMENT



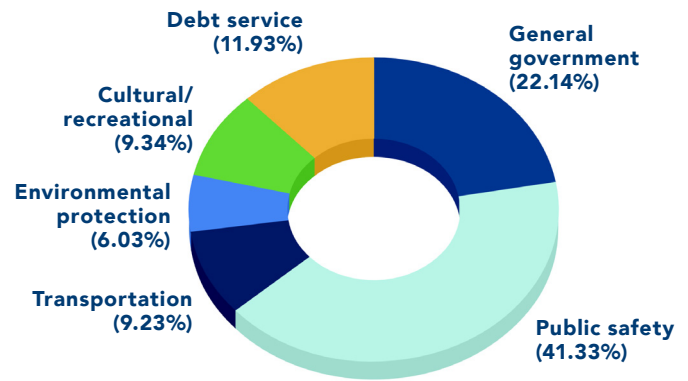
REVENUES AND EXPENDITURES

FY 17-18 BUDGET BREAKDOWN

REVENUES



EXPENDITURES



TOTAL GENERAL FUND REVENUES for FY 17-18 were \$31.48 million. The property tax rate remained at \$.5325 per \$100 of assessed value.

Property taxes account for 58.25 percent of all revenues. Property taxes (excluding registered motor vehicles, which are collected by the N.C. Division of Motor Vehicles) are assessed and collected by Wake County and remitted to the Town throughout the year.

Other taxes, which include the Town's share of

statewide sales taxes and ABC revenue, account for 20.26 percent of all revenues. Collections during this fiscal year increased 2.2 percent over the prior period. This category of revenues was boosted through continued improvement in the local economy and changes to the services to which sales tax are applicable.

The Town also received 7 percent of its revenues from permits and fees, a decrease of 17.6 percent over FY 16-17. The primary reason for the decrease was the discontinuation of water and sewer capacity fees that had been charged previously.

GENERAL FUND REVENUES

| | FY 15-16 | FY 16-17 | FY 17-18 |
|----------------------------|---------------------|---------------------|---------------------|
| Property taxes | \$17,061,096 | \$17,834,515 | \$18,336,285 |
| Other taxes and licenses | 5,826,797 | 6,236,202 | 6,376,074 |
| Intergovernmental revenues | 3,185,644 | 3,262,406 | 3,318,833 |
| Permits and fees | 2,981,635 | 2,690,728 | 2,217,839 |
| Sales and services | 510,108 | 546,432 | 672,139 |
| Investment earnings | 76,234 | 151,936 | 360,123 |
| Other revenues | 234,534 | 370,697 | 195,818 |
| TOTAL | \$29,876,048 | \$31,092,916 | \$31,477,111 |

The total cost of general fund programs and services was \$31.43 million. The cost of public safety programs accounted for 41.33 percent of expenditures, while general government functions accounted for 22.14 percent. Spending in the cultural/recreational category decreased by 51.4 percent, which was more in line with historical spending after a significant land purchase in FY 16-17.

Major initiatives funded in the FY 17-18 budget (excluding Garner Bond Program projects) included street resurfacing, funding to complete the update of the Town's comprehensive growth and transportation plans and financing of vehicle and equipment replacement. Total expenditures per capita decreased from \$1,098 to \$1,004 (8.6 percent) because FY 16-17 numbers included a \$2.9 million purchase of land for future development.

GENERAL FUND EXPENDITURES

| | FY 15-16 | FY 16-17 | FY 17-18 |
|--------------------------|---------------------|---------------------|---------------------|
| General government | \$6,780,440 | \$6,212,951 | \$6,960,076 |
| Public safety | 10,751,421 | 11,605,337 | 12,989,182 |
| Transportation | 2,708,200 | 2,656,663 | 2,899,718 |
| Environmental protection | 1,853,286 | 1,888,478 | 1,895,800 |
| Cultural/recreational | 2,795,777 | 6,045,834 | 2,936,533 |
| Debt service | 2,792,645 | 3,435,669 | 3,748,006 |
| TOTAL | \$27,681,769 | \$31,844,932 | \$31,429,315 |

FUND BALANCE

OVERALL, GENERAL FUND REVENUES and other financing sources exceeded expenditures and transfers by \$650,000, which was added to the Town's fund balance. Fund balance is akin to a savings account for the Town and can be used to fund capital projects, balance the budget and for emergencies or cash flow during the year.

The chart to the right shows the different categories of fund balance. These categories represent any external or Town Council-initiated restrictions on how fund balance can be used. Unassigned is the least restrictive and can be used for any purpose. Unassigned fund balance at the end of FY 17-18 totaled \$17.73 million, an amount equal to 56 percent of expenditures. The Town's policy is a minimum of 30 percent. Total fund balance stood at \$30.59 million.

CATEGORIES OF FUND BALANCE IN FY 17-18

| | |
|--------------|---------------------|
| Nonspendable | \$45,752 |
| Restricted | 4,172,519 |
| Committed | 6,503,558 |
| Assigned | 2,145,498 |
| Unassigned | 17,726,861 |
| TOTAL | \$30,594,188 |

BOND PROGRAM/LONG-TERM DEBT



Construction on the Garner Recreation Center continued in FY 17-18.

THE TOWN OF GARNER continued construction of the projects approved in the 2013 bond referendums but did not issue any further general obligation bonds in FY 17-18.

Garner opened its new Town Hall—a signature project in the 2013 Bond Program—in FY 17-18. Construction continued on another major bond project, the Garner Recreation Center, which will open in 2019. Another completed bond project in FY 17-18 was a new picnic shelter at Garner Recreational Park. A number of sidewalk projects were in planning or design in FY 17-18, including sidewalks along Vandora Springs Road, Spring Drive and Timber Drive.

Debt per capita decreased by 12 percent to \$1,120 in FY 17-18. This is attributable to an 8 percent population increase with no debt increase. Debt per capita in FY 17-18 was the lowest it has been since FY 13-14 when it stood at \$865.

GARNER'S GO BOND RATINGS

S&P Global
Ratings

AAA* (Extremely Strong)

MOODY'S

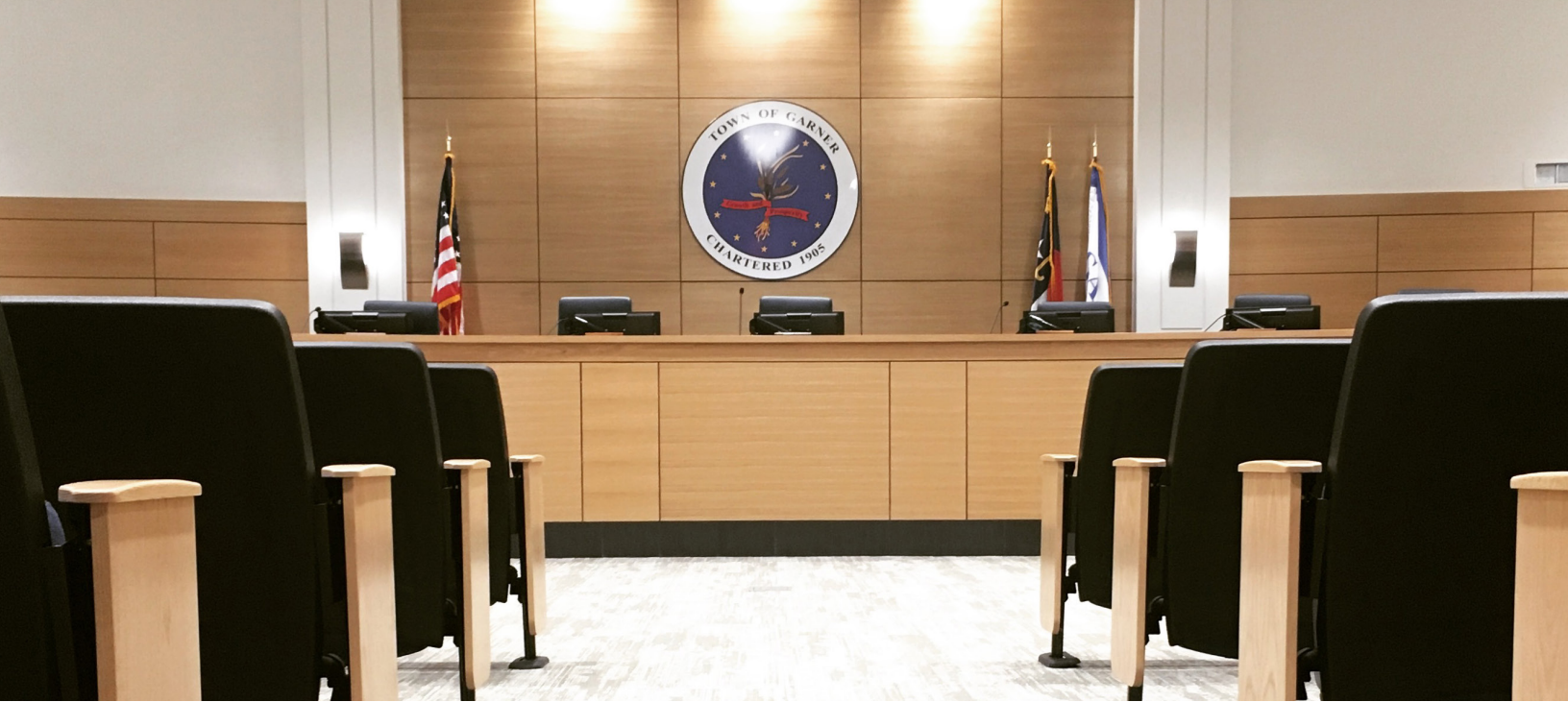
Aa1 (Extremely Strong)

A municipality's general obligation (GO) bond rating indicates its credit worthiness. The stronger the rating, the lower the credit risk. The Town of Garner's extremely strong bond ratings underscore its ability to fulfill its debt obligations on an ongoing basis.

* S&P upgraded the Town's bond rating in July 2018.

LONG-TERM DEBT

| | FY 15-16 | FY 16-17 | FY 17-18 |
|----------------------------------|---------------------|---------------------|---------------------|
| General obligation bonds | \$29,335,000 | \$28,345,000 | \$27,345,000 |
| Installment financing agreements | 5,800,674 | 8,577,324 | 7,717,118 |
| TOTAL | \$36,134,526 | \$36,922,324 | \$35,062,118 |

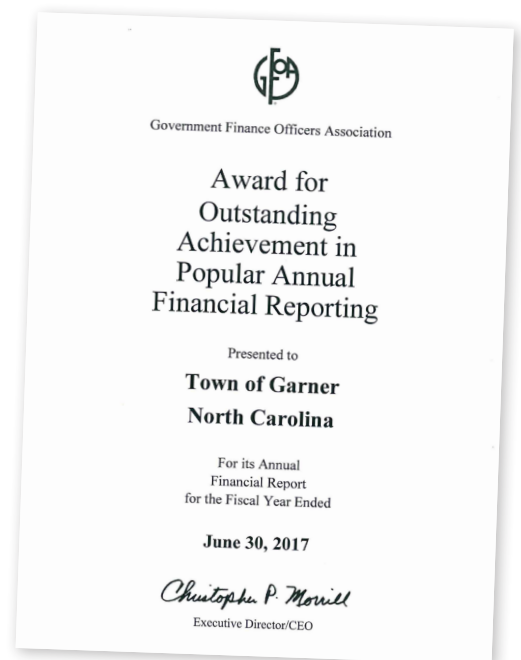


PAFR AWARD

THE GOVERNMENT FINANCE OFFICERS Association of the United States and Canada (GFOA) presented an Award for Outstanding Achievement in Popular Annual Financial Reporting to the Town of Garner for its Popular Annual Financial Report for the fiscal year ending June 30, 2017. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports.

In order to receive the award, a government unit must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability and reader appeal.

An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. The Town of Garner has received this award for the last four years (fiscal years ending June 30, 2014, through June 30, 2017). The Town believes this current report continues to conform to the Popular Annual Financial Reporting requirements, and it is submitting it to GFOA to determine its eligibility for another award.





TOWN OF GARNER
FINANCE DEPARTMENT

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